

Message Text

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ACTION EB-08

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FM AMEMBASSY KINSHASA

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C O N F I D E N T I A L KINSHASA 1725

E.O. 11652: GDS

TAGS: EAIR, EGEN

SUBJECT: PAN AM CONTRACT WITH AIR ZAIRE

1. AMBASSADOR RAISED SUBJECT OF PAN AM CONTRACT DURING FEBRUARY 26 MEETING WITH MOBUTU WHO STATED THAT HE HAD JUST BEEN REVIEWING PAN AM FILE AND POINTED TO VOLUMINOUS DOSSIER ON HIS DESK. MOBUTU STATED THAT THE DECISION NOT TO RENEW PAN AM CONTRACT WITH AIR ZAIRE HAD BEEN TAKEN BY THE EXECUTIVE COUNCIL AND WAS FINAL. AMBASSADOR REFERRED TO BISENGIMANA'S STATEMENT TO PAN AM OFFICIALS THAT NOTHING WOULD BE DONE UNTIL MOBUTU RETURNED TO ZAIRE. MOBUTU REPLIED TO THE EFFECT THAT BISENGIMANA'S POSITION HAD MERELY BEEN THAT OF COORDINATOR OF PAPERS AND REITERATED HIS INTENTION TO TERMINATE THE CONTRACT. AMBASSADOR THEN PRESENTED FALL BACK POSITION PREVIOUSLY DESCRIBED TO HIM BY PAN AM VICE PRESIDENT RICE, I.E. IF CONTRACT WAS NOT TO BE RENEWED, THEN IT SHOULD BE PHASED OUT OVER A TWO-YEAR PERIOD. AMBASSADOR STRESSED POSSIBLE PROBLEMS AND EVEN DANGERS INVOLVED IN ABRUPTLY TERMINATING CONTRACT. MOBUTU REPLIED THAT PAN AM HAD BEEN NOTIFIED IN DECEMBER THAT CONTRACT WOULD NOT BE RENEWED (PAN AM STATES THAT THEY DID NOT RECEIVE FIRST LETTER OF NOTIFICATION UNTIL JANUARY 27). HE ADDED, THOUGH, THAT HE COULD UNDERSTAND THAT IT MIGHT BE NECESSARY TO KEEP CERTAIN KEY INDIVIDUALS ON FOR A LIMITED PERIOD. HOWEVER, THESE INDIVIDUALS WOULD BE HIRED UNDER CONFIDENTIAL

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INDIVIDUAL CONTRACTS AND NOT UNDER A CONTRACT WITH PAN AM.

2. DURING COURSE OF DISCUSSIONS, MOBUTU STRESSED THE FOLLOWING TWO REASONS FOR NOT RENEWING THE CONTRACT:

A) IT WAS TOO EXPENSIVE

B) A CONTRACT WITH ANY FOREIGN AIRLINE WHICH GIVES MANAGEMENT CONTROL OF AIR ZAIRE, A GOZ ENTITY, IS NOT COMPATIBLE WITH ZAIRE'S

SOVEREIGNTY.

3. SUBSEQUENT TO MEETING WITH MOBUTU, AMBASSADOR HAD TWO MEETINGS WITH RICE AND GATT WHO RELATED FOLLOWING:

A) IN FEBRUARY 26 MEETING GOZ COMMISSIONER OF TRANSPORTATION TOLD GATT AND RICE THE BASIC REASON WHY CONTRACT IS NOT TO BE RENEWED IS BECAUSE OF FOREIGN BANK ACCOUNTS MAINTAINED BY AIR ZAIRE IN NEW YORK, PARIS, AND BRUSSELS.

B) FEBRUARY 27, BISENGIMANA TOLD GATT AND RICE THAT HE HAD RAISED ISSUE OF PAN AM CONTRACT WITH MOBUTU (JUST BEFORE THE AMBASSADOR'S MEETING WITH THE PRESIDENT) AND THAT MOBUTU WAS ADAMANT THAT IT SHOULD NOT BE RENEWED. BISENGIMANA'S ADVICE WAS THAT PAN AM WOULD BE WISE NOT TO ATTEMPT TO HAVE THE DECISION REVISED AS MOBUTU WAS VERY DEFINITE ABOUT THE MATTER.

4. RICE AND GATT TOLD THE AMBASSADOR THAT FOREIGN BANK ACCOUNTS WERE MAINTAINED WITH FULL APPROVAL OF CENTRAL BANK AND THEY WERE CONFIDENT THAT EVERY PENNY OF EXPENDITURES COULD BE PROPERLY DOCUMENTED. NEVERTHELESS, THEY WERE QUITE CONCERNED ABOUT THE IMPLIED ALLEGATIONS CONCERNING THE USE OF FOREIGN BANK ACCOUNTS AND HAVE ISSUED ORDERS THAT THE ACCOUNTS BE FROZEN PENDING FURTHER INSTRUCTIONS.

5. RICE ALSO TOLD AMBASSADOR THAT THEY HAD SENT A LETTER TO THE MINISTER OF TRANSPORT SUGGESTING THAT THE PAN AM CONTRACT BE PHASED OUT OVER A THREE-YEAR PERIOD. HE STATED THAT THIS WAS SOMEWHAT OF A BARGAINING POSITION AS A PHASE OUT COULD REALLY BE ACCOMPLISHED IN TWO YEARS BUT THAT TWO YEARS WAS THE ABSOLUTE MINIMUM. RICE AND GATT ALLEGED THAT IF PAN AM WERE TO PULL OUT CONFIDENTIAL

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AT THIS TIME THE CONSEQUENCES FOR AIR ZAIRE WOULD BE DISASTEROUS AS THERE ARE AS YET NO TRAINED REPLACEMENTS FOR PAN AM PERSONNEL AND EVEN THE SAFETY OF THE LINE WOULD BE IN QUESTION.

6. RICE ALSO STATED THAT UNDER NO CIRCUMSTANCES WOULD PAN AM AGREE TO ASSIGN PAN AM PERSONNEL TO WORK FOR AIR ZAIRE UNDER INDIVIDUAL CONTRACTS. EITHER THE GOZ MUST AGREE TO A MINIMUM TWO-YEAR PHASE OUT OR PAN AM WILL BEGIN TO REMOVE ITS KEY PERSONNEL EVEN PRIOR TO THE TERMINATION OF THE CONTRACT AT THE END OF APRIL.

7. THE AMBASSADOR REQUESTED GATT AND RICE NOT TO MENTION HIS CONVERSATION WITH MOBUTU AND SUGGESTED THAT THEY PREPARE A LETTER OUTLINING THE DETAILS OF THEIR PROPOSED TWO-YEAR PHASE OUT AND EMPHASIZE THE COST SAVINGS OF SUCH A PROGRAM.

8. HE ALSO SUGGESTED THAT THEY PURSUE VIGOROUSLY THEIR PLANS TO REFUTE ANY POSSIBLE ALLEGATIONS CONCERNING THE IMPROPER USE OF THE FOREIGN BANK ACCOUNTS.

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